

**Public Hearing Testimony of Rich Pingel, Chief Legal Officer, Sportech PLC Regarding  
Raised Bill 5395: An Act Concerning Advanced Deposit Wagering**

**March 3, 2020**

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Greetings Co-Chairmen Bradley and Verrengia, and distinguished Members of the Public Safety and Security Committee. My name is Rich Pingel, Chief Legal Officer for Sportech PLC, the licensed operator of Connecticut's Off-Track betting system. I submit this testimony in ardent opposition of Raised Bill 5395.

Simply stated, Raised Bill 5395 proposes to repeal the technical language (adopted last session) that closed the loopholes that had been previously exploited by the illegal gaming factions that had been operating in the State of Connecticut without licensing or oversight—the very same factions that continue to operate in direct derogation of Cease and Desist Orders from Connecticut's Attorney General.

During the last decade, it is estimated that these illegal operators have collectively deprived the State of Connecticut of somewhere between \$25 Million to \$35 Million in lost tax revenues. Last session, the Legislature and Governor took action to slam-the-door on this harmful and illegal practice, and accordingly, it is my testimony that this Committee should neither countenance nor support any advancement of Raised Bill 5395 as it directly contravenes public policy considerations and aims to restore the lawless practice of tolerating illegal gambling operations in the State of Connecticut.

Sportech is particularly aggrieved and in opposition of Raised Bill 5395 in that it is a direct assault on the exclusive and perpetual rights that were purchased from the State of Connecticut on June 30, 1993. As detailed in part above, Sportech and the State of Connecticut have consistently fought shoulder to shoulder against illegal gambling operators to protect and preserve those rights and to protect its citizens. Now, incredulously, the illegal operators have appeared and ask that this Committee effectively delete those efforts so that they can continue operating illegally.

As background, this underlying issue has presented a problem for the state for years. Attorney General Jepsen and former Commissioner Rubenstein issued 28 Cease and Desist Letters in May 2014—I've attached one of the letters hereto. The illegal practices and problems persisted over the years, and most recently, Attorney General Jepsen employed a different approach by writing to a foreign official in a jurisdiction that hosts these illegal operators; that letter is also attached. In trying to fix this problem through the years, Sportech had met with representatives

from the Department of Consumer Protection, the Department of Revenue Services, the Office of Attorney General, and multiple Legislative Committees and members of the Legislature—including many here today.

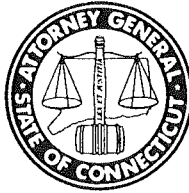
Sportech is appreciative of each of these efforts, and most importantly for last year's passage of PA 19-117 which finally addressed and fixed the problem head-on—which upon information and belief, is why the illegal operators have finally surfaced after years of skirting Connecticut's laws and tax coffers. Their Connecticut gravy-train has been derailed, and now faced with the ramifications, they have chosen to lash out rather than abide by the laws of the State, and/or to explore the commercial opportunities that have been extended to them via Sportech's commercial teams. We are aware that certain operators have previously made threats and challenges in other jurisdictions which have similarly regulated their marketplaces, but none have persisted or occurred, as at the end of the day, the self-imposition of restrictions or embargoes is against said operators' stated commercial interests.

In closing, I would be remiss if I did not use the opportunity to highlight that Sportech has been a trusted partner of the State for the past twenty-five years, and has reinvested every dollar earned back into its Connecticut facilities, technology, and approximate 400 jobs it maintains in the State of Connecticut. Sportech asks for your support in opposing Raised Bill 5395, advanced by unlicensed and unregulated out of state operators, who continue to accept CT wagers without employing a single person in CT, or paying a single dollar in taxes, or submitting any of their operations to DCP oversight. Please vote to maintain the recently restored order regarding advance deposit wagering, and keep the loopholes closed and illegal operators away by voting against 5395.

In closing, I wish to thank you for your continuing support of Sportech, and wish to invite any questions you may have.

Rich Pingel, Chief Legal Officer  
Sportech PLC  
[Rich.Pingel@Sportech.net](mailto:Rich.Pingel@Sportech.net)

GEORGE C. JEPSEN  
ATTORNEY GENERAL



55 Elm Street  
P.O. Box 120  
Hartford, CT 06141-0120

Office of The Attorney General  
**State of Connecticut**

www.luckity.com  
c/o Churchill Downs Inc.  
700 Central Avenue  
Lexington, KY 40208

Re: Pari-Mutuel wagering and www.luckity.com.

To Whom It May Concern:

The State of Connecticut Department of Consumer Protection (Department) is the agency responsible for the administration and enforcement of authorized gaming activity conducted in Connecticut. The Attorney General is the chief civil law enforcement officer of the State of Connecticut. It has come to our attention that you, through the website address above, have been conducting Advance Deposit Wagering (ADW) whereby Connecticut residents establish an account through the website and are allowed to place pari-mutuel wagers against the account. While the company may be licensed, registered or authorized in some jurisdictions to conduct such activity, such licensing authority does not extend to the State of Connecticut.

Pursuant to Chapter 226 of the Connecticut General Statutes (C.G.S.), pari-mutuel wagering is an authorized activity in Connecticut that may only be conducted by a person or business organization granted an Association License by the Department. Additionally, such Association Licensee must remit pari-mutuel taxes to the State of Connecticut in accordance with C.G.S. § 12-575(g). You have not been granted such a license and, therefore, are operating in violation of Connecticut law authorizing and regulating pari-mutuel wagering, as well as Connecticut's criminal gambling statutes, C.G.S. § 53-278a, *et seq.*

Accordingly, you must immediately cease and desist from accepting wagers placed from within the State of Connecticut, whether through the aforesaid website or otherwise. We expect that you will immediately comply with this directive. Please provide written confirmation of such compliance to the Department no later than June, 1, 2014, to the attention of the Department's Gaming Division Director, William Ryan, Department of Consumer Protection, Gaming Division, 165 Capitol Avenue, Hartford, Connecticut 06106 or [William.Ryan@ct.gov](mailto:William.Ryan@ct.gov).

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Jepsen", written over a horizontal line.

George C. Jepsen  
Attorney General

A handwritten signature in dark ink, appearing to read "William M. Rubenstein", written over a horizontal line.

William M. Rubenstein  
Commissioner, Department of Consumer Protection

GEORGE JEPSSEN  
ATTORNEY GENERAL



55 ELM STREET  
P.O. BOX 120  
HARTFORD, CT 06141-0120

Office of the Attorney General  
State of Connecticut

February 24, 2017

Attorney General Ellen Rosenbloom  
Oregon Department of Justice  
1162 Court Street NE  
Salem, OR 97301-4096

Dear General Rosenbloom:

Please find enclosed a letter to my office from legal counsel to Sportech Venues Inc., which is the exclusive licensee for Off-Track Betting (OTB) in Connecticut. Pursuant to its license, Sportech accepts online wagering on horse races. It has come to our attention that other companies have been soliciting and accepting online bets placed by Connecticut residents from Connecticut locations. We believe this is contrary to Connecticut statute, as only licensed entities may offer OTB in the state. At least two such companies offering wagers online to persons in Connecticut – Xpress Bets and Twin Spires – conduct some or all of their wagering operations in the State of Oregon pursuant to applicable Oregon law. The enclosed letter suggests that Oregon law has been violated because wagers accepted by a licensee in that state must also comply with the law in the state in which the bet is placed. In light of that claim, we ask that your office, or the appropriate agency of the State of Oregon, review this matter and take whatever action is deemed appropriate. Please do not hesitate to contact me or my Chief Deputy, Perry Zinn Rowthorn, if we can provide further information or be of assistance in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Jepsen", is written over a horizontal line.

George Jepsen